



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 Hawthorne Street  
San Francisco, CA 94105-3901

April 14, 2010

Elena Miller  
State Oil and Gas Supervisor  
Department of Conservation  
Division of Oil, Gas, and Geothermal Resources  
801 K Street, MS 20-20  
Sacramento, California 95814-3530

Dear Ms. Miller,

As we have discussed recently, the US Environmental Protection Agency, Region 9 (EPA) will be conducting an evaluation of California's implementation of the Class II Underground Injection Control (UIC) primacy program. The goals of this program evaluation are to review how the California Division of Oil, Gas, and Geothermal Resources (DOGGR) is overseeing and managing the permitting, drilling, operation, maintenance, and plugging/abandonment of Class II wells in the State, and to make any necessary program implementation recommendations. We hope that this evaluation will provide useful information about DOGGR's current implementation of the Class II program, and afford both of our agencies the opportunity to review existing practices, ensure program integrity, and maximize our resource investment in the UIC program.

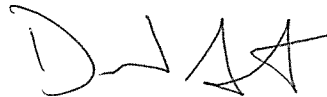
To get the most out of this review, we will include all six of the DOGGR District Offices, rather than focusing the review on a smaller sampling. As we've discussed, EPA will utilize our contractor, Horsley Witten, to conduct the evaluation. Horsley Witten is a large firm that we have used for UIC support in the past, and they have the necessary technical and administrative capacity to conduct a thorough evaluation. While Horsley Witten will have the lead in conducting the information gathering for the Class II program review, both EPA and DOGGR will have regular input on the review process, and will be integrally involved in developing any recommendations.

It goes without saying that a successful review of DOGGR's Class II UIC program will not be possible without the assistance and cooperation of DOGGR management and staff, and I appreciate the support you and Rob have already provided. As we have agreed, our agencies will split the cost of this program review using a combination of funds from DOGGR's Class II UIC grant allocation (40% of total cost) and the UIC Direct Implementation funds of EPA's Ground Water Office (60% of total cost). I also appreciate that DOGGR will assist in keeping both the time for conducting the program review and the contract costs to a minimum by providing as much information to the contractor as possible through each District Office's own staff and resources. With this in mind, we have estimated that the review should cost no more than

\$100K, and with your authorization, we will withhold \$40K from the State's FY10 UIC grant allocation. Upon realizing the final cost of the program review effort, if there are any remaining funds from the amount we are withholding from the grant allocation, those funds will be reimbursed to DOGGR in the next UIC grant cycle.

Again, thank you for your cooperation in this important endeavor. We look forward to working with you and your staff in the coming weeks, as we begin the review process. Should you have any questions or wish to discuss this matter further, please don't hesitate to contact me at 415-972-3971, or contact George Robin of my staff at 415-972-3532.

Sincerely,

A handwritten signature in black ink, appearing to read 'D Albright', with a stylized flourish at the end.

David Albright  
Manager, Ground Water Office

cc: Rob Habel, Deputy Oil and Gas Supervisor, DOGGR